

## Message Text

UNCLASSIFIED

PAGE 01 TORONT 00951 222130Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00  
DODE-00 EB-08 FRB-01 H-02 INR-07 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-04  
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /109 W  
-----222134Z 082051 /73

R 221736Z APR 77  
FM AMCONSUL TORONTO  
TO SECSTATE WASHDC 5352  
USDOC WASHDC  
INFO AMEMBASSY OTTAWA  
AMCONSUL WINNIPEG  
USDEL MTN GENEVA UNN

UNCLAS TORONTO 0951

E.O. 11652: N/A  
TAGS: EIND, ETRD, EMTN, CA

SUBJECT: ONTARIO URGES NATIONAL INDUSTRIAL POLICY FOR CANADA;  
SAYS CANADA UNPREPARED FOR TARIFF CUTS ARISING FROM MTN.

REF: TORONTO 869 (NOTAL)

1. CONCERNED THAT CANADIAN INDUSTRY BEING FORCED OUT OF  
WORLD MARKETS AND LOSING GRIP ON DOMESTIC MARKET, ONTARIO  
TREASURER, IN ANNUAL BUDGET MESSAGE, URGED A NATIONAL  
INDUSTRIAL POLICY, FOCUSSED ON INDUSTRIES IN WHICH  
"CANADIANS HAVE SPECIAL SKILLS AND TALENTS," AND CALLED  
FOR A CHANGE IN ATTITUDE TOWARD PRODUCTIVITY AND PROFITS.

2. FOLLOWING WERE SUGGESTED AS AREAS FOR INITIAL DEVELOPMENT  
OF NATIONAL POLICIES:  
AUTOMOBILES ("CANADA'S ROLE AND SHARE IN THE AUTO TRADE  
PACT HAS TO BE A MATTER OF GREAT CONCERN TO US");  
STEEL (AN INDUSTRY EFFECTIVE IN BOTH DOMESTIC AND  
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WORLD MARKETS AND A BASE FOR DEVELOPMENT OF OTHER INDUSTRIES  
AND SKILLS); INDUSTRIAL RATIONALIZATION (MEANING CONCENTRATION OF  
EFFICIENT FIRMS, RELYING ON IMPORTS TO PROVIDE EFFECTIVE PRICE  
COMPETITION; RECENT MERGER IN APPLIANCE INDUSTRY CITED AS  
EXAMPLE); ENERGY AND RESOURCES DEVELOPMENT (INVESTOR CONFIDENCE  
IN THESE CANADIAN SPECIALITIES BADLY SHAKEN IN RECENT YEARS BY  
"CONFLICTS OVER RESOURCE TAXATION, ENVIRONMENTAL MATTERS AND DE-

TERRENTS TO FOREIGN INVESTMENT"); TRANSPORTATION (TRANSPORTATION COSTS

TOO HIGH AND INDUSTRY LACKS COMPETITION, IMPROVED INVEST-  
MENT REQUIRED); AGRICULTURE (ONE OF "CANADA'S RICHEST ASSETS" BUT  
BALANCED INCOME/PRICE STABILIZATION POLICY REQUIRED TO BUILD  
"BASE FOR INCREASED EXPORTS"); SMALL BUSINESS (EXPANDED ROLE  
"VITAL ASPECT OF MAINTAINING A CREATIVE AND EFFICIENT INDUSTRIAL  
ECONOMY").

3. FOLLOWING IS FULL TEXT OF REFERENCE TO MTN: "ON THE MATTER  
OF THE CURRENT NEGOTIATIONS IN GENEVA ON INTERNATIONAL TRADE AND  
TARIFF POLICIES, I HAVE TO REPEAT ONTARIO'S CONCERN THAT THE  
FEDERAL GOVERNMENT IS PROCEEDING ON THE BASIS OF NO KNOWN STRATEGY.  
IT IS CLEAR THAT CANADIAN INDUSTRIES, AND ONTARIO MANUFACTURERS,  
CANNOT BE PROTECTED FOREVER BY HIGH TARIFFS AND YET THE DAY  
OF TARIFF CUTS GETS CLOSER AND CLOSER WITH NO SIGN FROM OTTAWA THAT  
CANADA WILL BE READY WITH ADJUSTMENT PROGRAMS WHICH WILL ENABLE OUR  
INDUSTRIES TO ROLL WITH THE PUNCHES. I AM NOT IN FAVOUR OF HIGH  
TARIFFS. I THINK WE CAN DO BETTER FOR OUR CONSUMERS, BUT  
WE NEED A NATIONAL POLICY WITH SOME VISION OF THE ECONOMIC FUTURE  
TO HELP US SEE WHERE WE SHOULD BE GOING."

4. COMMENT: TREASURER'S STATED DISLIKE OF HIGH TARIFFS NOT SHARED  
BY INDUSTRIAL STRATEGISTS IN PROVINCE'S MINISTRY OF INDUSTRY, WHO  
WERE ONCE CHARACTERIZED IN PRIVATE BY SENIOR ECONOMIST IN ONTARIO  
ECONOMIC COUNCIL AS A "BUNCH OF MERCANTILISTS."  
DIGGINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROVINCE, BUDGETS, INDUSTRIAL PRODUCTION, GOVERNMENT REACTIONS, TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770141-0252  
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**From:** TORONTO  
**Handling Restrictions:** n/a  
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**Litigation History:**  
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**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 TORONTO 869  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2716021  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ONTARIO URGES NATIONAL INDUSTRIAL POLICY FOR CANADA; SAYS CANADA UNPREPARED FOR TARIFF CUTS ARISING FROM MTN.  
**TAGS:** EIND, ETRD, EFIN, CA  
**To:** STATE COM  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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